



## **NSPS UPDATE**

### **PERFORMANCE MANAGEMENT AND GENERAL FREQUENTLY ASKED QUESTIONS**

Since pay is driven by performance, this month we will answer frequently asked questions regarding performance management under NSPS.

#### **Performance Management**

**Q.** How will my supervisor be held accountable for rating me equitably and fairly?

**A.** Supervisors and managers will be trained and evaluated on how well they conduct their performance management responsibilities. Their effectiveness will be an important factor in determining their pay increases. Supervisors will work with employees to develop performance expectations. Employees will have the opportunity to participate in the process as their supervisors explain the link between their performance objectives and the overall mission. NSPS will use pay pools to evaluate and compare organizations' performance ratings. It will allow additional opinions to be heard on performance ratings and create a more accurate final rating for employees. Employees who feel their performance ratings are inappropriate will be able to ask for reconsideration. An administrative reconsideration process is available to all employees.

**Q.** What is the performance cycle for employees under NSPS?

**A.** Typically, the performance cycle is one year, beginning October 1st and ending September 30th.

**Q.** What happens to poor performers under NSPS?

**A.** Supervisors are required to deal with poor performers. When a supervisor determines an employee's performance is unacceptable, the supervisor must take steps to address the deficiency. The supervisor may consider a variety of options to address the performance deficiency such as remedial training, counseling, reprimand, reassignment, or adverse action, if necessary. Timely feedback throughout the year helps poor performers improve. An employee whose performance is rated less than "Valued Performer" will not receive a performance-based payout.

**Q.** How will employees at the maximum of their pay band rate range receive a performance pay increase?

**A.** Employees at the maximum of their pay band are not eligible for an increase in their base salary. These employees may receive a bonus in recognition of their performance contributions.

**Q.** We have a very high performing team. Will there be quotas for the number of employees who receive the highest rating?

**A.** No. The forced distribution of performance ratings is prohibited under the new performance appraisal system.

**Q.** With more candid performance appraisals, will there be more complaints and lawsuits from employees?

**A.** The performance management process will be designed from the start with meaningful input from employees about what it takes to perform well in their jobs. Over time, clear, measurable performance expectations will reduce performance issues. Effective communication of performance requirements to all employees should minimize the number of complaints and grievances.

#### **Employee General Questions**

**Q.** Why do we need the National Security Personnel System?

**A.** NSPS strengthens our ability to accomplish the mission in an ever-changing national security environment. NSPS accelerates the Department's efforts to create a Total Force

(military, civilian personnel, Reserve, Guard, and contractors), operating as one cohesive unit, with each performing the work most suitable to their skills. We need a human resources system that appropriately recognizes and rewards our employees' performance and the contributions they make to the Department of Defense (DoD) mission. We need better tools to attract and retain good employees.

**Q.** What advantages does it offer to me?

Employees will be recognized and rewarded based on their personal contributions towards our Nation's defense.

**A.** Employees will be encouraged to take ownership of their performance and successes. Employees and their supervisors will have open communications so that employees know what's expected. Increases in pay will be based on employee performance and mission contribution. NSPS promotes broader skill development and advancement opportunities in pay bands.

**Q.** How can DoD implement NSPS when the Court permanently enjoined DoD from implementing certain parts of NSPS?

**A.** The Court did not enjoin the entire system, including major portions of the human resources system (performance management, classification, compensation, staffing, and workforce shaping). The Department intends to implement those provisions in organizations that are ready to convert to NSPS. On April 28, 2006, Deputy Secretary of Defense Gordon England signed a memorandum to implement NSPS; approximately 11,000 employees from twelve DoD organizations converted to NSPS on April 30th. Until the lawsuit is resolved, the labor relations, adverse actions, and appeals systems are enjoined and are not scheduled to be implemented at this time.

**Q.** When will NSPS affect me?

**A.** On April 30, 2006, Spiral 1.1 with about 11,000 DoD employees converted to NSPS. Employees in Spiral 1.1 will have their first performance-based payout in January 2007. Spiral 1.1 employees will receive the equivalent to the across-the-board pay increases and locality pay increases that General Schedule (GS) employees receive in January 2007. The Department is reviewing options for deployment of Spirals 1.2 and 1.3 planned for later this year and early 2007. Over the next two or three years, DoD will incrementally phase-in the next two spirals improving NSPS as it goes forward. Spiral Two includes the rest of the eligible DoD civilian workforce, including federal wage grade employees. Spiral Three could include DoD laboratories, should legislative restrictions be eliminated.

**Q.** Who will be covered by NSPS?

**A.** The vast majority of DoD civilian employees are eligible to be covered by most of the elements of NSPS. However, some employees in DoD will not be affected by these new regulations or will only be covered by certain elements. Certain categories of employees are excluded, including intelligence personnel and employees of the Defense Laboratories listed in the NSPS law. To learn more about exclusions, view the table ("Summary of Non-General Schedule Coverage Eligibility") on pages 17 and 18 of the Federal Register PDF file (pages 66131 and 66132 in the published hard copy). To access the Federal Register, go to: [www.cpms.osd.mil/nsps/pdf/FinalNSPSFederalRegisterNotice.pdf](http://www.cpms.osd.mil/nsps/pdf/FinalNSPSFederalRegisterNotice.pdf).

**Q.** When will NSPS be fully implemented?

**A.** It will take time and effort to fully implement NSPS, with elements of the program being introduced over the next several years to allow ample time for training, program evaluation, and adjustment. Until the lawsuit is resolved, the labor relations, adverse actions, and appeals systems are enjoined and are not scheduled to be implemented at this time.

**Q.** Are wage grade employees covered?

**A.** Yes. However, the Department will not cover Federal Wage System (FWS) employees in the initial implementation phases (Spirals 1.1, 1.2, and 1.3) of the NSPS Human Resources system. Before including FWS employees, DoD plans additional analysis, studies, and collaboration with

labor union representatives to determine the appropriate application of NSPS to the trade and craft environment.

**Q.** What are implementing issuances?

**A.** Implementing issuances carry out Department policy in the implementation of NSPS. They can be issued by the Secretary of Defense, Deputy Secretary, Principal Staff Assistants (such as Under Secretaries of Defense), or Secretaries of the Military Departments. The implementing issuances are on the NSPS website.

### **Conversion to NSPS**

**Q.** Will employees lose salary when converted to NSPS?

**A.** No. Employees will convert into NSPS based on their permanent position of record without a loss of pay. In many cases, employees will actually receive a salary increase equal to the amount they have earned towards their next within grade increase.

**Q.** Will employees at Step 10 receive a WGI buy-in?

**A.** Employees at Step 10 are not eligible for a WGI buy-in because they have already received all 10 step increases under the GS system. The WGI buy-in is a process used during conversion to NSPS to pay employees for time spent working towards their next step increase.

**Q.** What happens to my retirement, health insurance, and other benefits when I convert to NSPS?

**A.** NSPS does not affect rules governing retirement benefits and eligibility, health and life insurance, leave, attendance, and other similar benefits.

**Q.** How will my appraisal ratings be converted to NSPS?

**A.** DoD employees who convert into NSPS and have a non-NSPS rating of record above unacceptable on file at that time will be assigned a Level 3 rating. DoD employees who convert into NSPS with an unacceptable rating will be assigned a Level 1 rating. The converted rating of record will be replaced as the employee is assigned an NSPS rating of record during the annual performance cycle.

**Q.** How will employees in developmental positions receive pay increases after converting to NSPS?

**A.** Like all other employees covered by NSPS, employees in developmental positions are eligible for performance-based pay in recognition of their performance and contributions to the mission. The employee's performance must be at Level 3 or higher. The performance payout may be in the form of a salary increase, bonus, or combination thereof. Additionally, employees assigned to Pay Band 1 of Professional, Analytical, or Investigative pay schedules are eligible for pay increases under the Accelerated Compensation for Developmental Positions (ACDP). ACDP is awarded to recognize growth and development in acquiring job related competencies and successful performance of job objectives. ACDP is an increase to employee's base salary, bonus, or combination thereof, and is available to employees participating in Component training programs or other developmental capacities. At any time after conversion to NSPS, management may use ACDP to increase an employee's base salary within Pay Band 1 (by up to 20%). To qualify for ACDP, an employee must have a rating of record of Level 3 or higher. Another type of pay increase is promotion from Pay Band 1 to Pay Band 2. Employees are eligible for this promotion noncompetitively because they have already competed for the next higher level. When management promotes employees from Pay Band 1 to Pay Band 2, employees are eligible to receive a significant pay increase (from 6% to 20% or even higher with management approval). During the first 12 months following conversion, employees who are not eligible for the ACDP provision (not in Pay Band 1) are eligible to receive pay increases for noncompetitive promotion equivalents when: Grade level of the promotion is encompassed within the same pay band;

- Employee's performance warrants the pay increase; and
- Promotion would have otherwise occurred during that period.

**Q.** Do employees need to do anything to ensure their position converts to NSPS?

**A.** No. Their conversion to NSPS happens automatically based on their permanent position of record.

**Q.** How do employees find out when their organization converts to NSPS?

**A.** Supervisors are the best first source. Local human resources experts are another reliable source.

**Q.** How will an employee on pay retention be converted to NSPS?

**A.** At the time of conversion, the employee will be converted to a career group, pay schedule, and pay band based on his or her permanent position of record (not the former position used for pay retention determination). If the base salary exceeds the rate range for the assigned pay band, he or she will be granted pay retention for two years starting on the day of conversion to NSPS. At the end of the two years, the base salary is fixed at the maximum rate of the pay band to which he or she is assigned.

### **Pay**

**Q.** What types of pay increases will employees receive under NSPS?

**A.** There are several ways employees can receive a pay increase under NSPS:

- Rate range adjustment
- Local market supplement (LMS) adjustment
- Performance-based increase
- Promotion
- Reassignment or other placement action
- Accelerated Compensation for Developmental Positions (ACDP)

**Q.** What constitutes an employee's adjusted salary under NSPS?

**A.** Worldwide base rate, plus local market supplement, plus performance based pay adjustment, equals an employee's adjusted salary. One-time performance based bonuses and cash awards are in addition to the total pay.

**Q.** Will we still get Within-Grade-Increases (WGIs)?

**A.** Under NSPS and the pay banding system, there are no "steps" similar to the GS system. Instead, pay increases and/or performance bonuses are based on your performance. Upon conversion to NSPS, many employees will receive a salary increase equal to the amount they have earned towards their next within grade increase. After an organization has converted to NSPS, money that would have been used for WGIs will become part of the money available for performance payouts.

**Q.** What are the criteria for being eligible to receive the WGI buy-in upon conversion to NSPS?

**A.** Employees are eligible for the WGI buy-in if they are below the top step (Step 10) of their assigned grade; have an acceptable rating of record; and are not on pay retention.

**Q.** Are GM employees eligible for the WGI buy-in?

**A.** Yes. Employees under the GM pay plan are also entitled to the WGI buy-in provided they meet the criteria mentioned above.

**Q.** How are pay bands structured?

**A.** Under the NSPS classification system, every GS position within the Department will be assigned to a career group, pay schedule, and pay band. Many of the factors used to classify positions under NSPS are the same as those contained in the old system, such as complexity and level of work. There are four career groups: Standard Career Group; Scientific & Engineering Career Group; Investigative & Protective Services Career Group; and Medical Career Group. There are typically four pay schedules: Professional/Analytical; Technician/support; Supervisor/Manager; and Student. There are typically three pay bands for each pay schedule: Expert; Journey; and Entry/Development.

**Q.** What is a rate range adjustment and who gets one?

**A.** Each pay band has a rate range - minimum level and maximum level. Each rate range can increase, decrease, or remain the same depending on market drivers (specific labor market, occupational, or other demands). Rate ranges are reviewed at least once a year, but adjustments can be made at any time during the year. New rate ranges for all pay schedules are effective the first full pay period beginning in January of each year. In order to receive an increase to the minimum rate, employees must not be at the maximum of the pay band's new rate range and must have a rating above unacceptable (Level 1).

**Q.** Who has the authority to make decisions on rate range adjustments?

**A.** The Secretary of Defense has the authority to set and adjust rate ranges.

**Q.** What is a Local Market Supplement (LMS) and how does it work?

**A.** An LMS replaces locality pay and special salary rates under the GS system. Employees must have a rating of record of Level 2 (Fair) or higher. At least once a year, DoD reviews each LMS and makes appropriate adjustments. Factors reviewed in making LMS determinations:

- Mission requirements
- Labor-market conditions
- Availability of funds
- Allowances and differentials, such as those paid to employees overseas and in Alaska and Hawaii
- Similar pay adjustments received by employees of other federal agencies
- Other relevant factors.

**Q.** At the time of conversion to NSPS, will LMS be the same as the locality pay employees are currently receiving?

**A.** Until determined otherwise by the Secretary of Defense, the standard LMS will be the same as GS locality pay for each area at the time of conversion.

**Q.** How are special salary rates converted to NSPS?

**A.** In most cases, special salary rates will be included within the broader pay ranges of the NSPS pay bands (including the addition of the standard LMS). For employees paid from a special salary table with a maximum that exceeds the pay band maximum (and the applicable standard LMS), a targeted LMS will be established. The targeted LMS will ensure that such employees convert to NSPS without a loss of pay.